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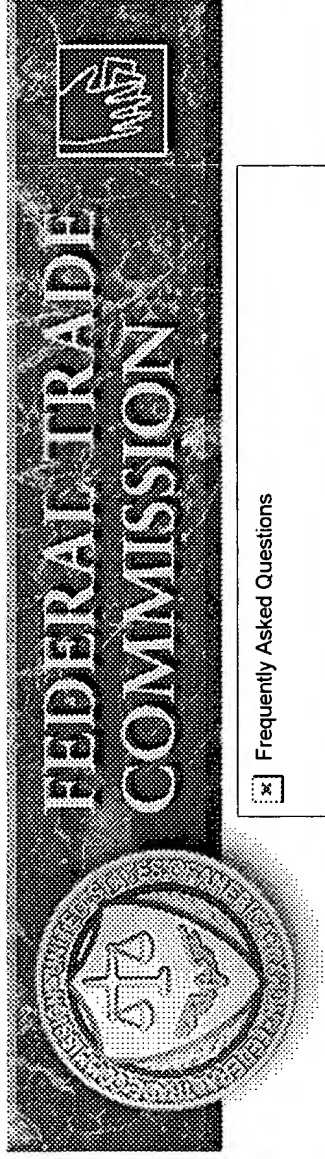
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
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 Frequently Asked Questions

The five most frequently asked questions about franchise and business opportunities are:

1. Where can I get a company's pre-sale disclosures?
2. How can I find out about complaints against a company?
3. How can I file a complaint against a company?
4. Where can I get the forms for drafting an offering circular?
5. How can I find a lawyer who specializes in franchising?

1. Where can I get a company's pre-sale disclosures?

The FTC does not require filings of franchise and business opportunity disclosure statements or offering circulars. For this reason, we are unable to provide copies of them.

There are 13 states that do keep franchise offering circulars on file, and 23 states that require business opportunity disclosure filings. Most states aren't able to provide copies of these disclosures, but usually will let you visit their offices and review or copy the documents by appointment. One private company will obtain franchise disclosure documents filed in one or more states for a fee:

Fradata
 1155 Connecticut Avenue, NW
 Suite 275
 Washington, DC 20036

(800) 793-8640 or (202) 659-8640

List of state offices with franchise disclosures

List of state offices with business opportunity disclosures

2. How can I find out about complaints against a company?

No federal or state agency or private organization can tell you whether or not a company is legitimate or operates in good faith. We can only report on whether we have received consumer complaints about a company. Operators of fly-by-night franchise and business opportunity scams know this, and may change the name and location of their company every six to twelve months so they never have a record of consumer complaints.

There is no substitute for checking the track record of a franchisor or business opportunity seller by talking to at least ten prior purchasers in person. That is why the Franchise Rule requires companies to include in their disclosures a list of the names, addresses and telephone numbers of at least the ten prior purchasers who are geographically closest to you.

If you want information about consumer complaints, we must ask that your request be in writing. We need to check whether complaints have been received not only in Washington, but also in our 10 regional offices. You can address your request to:

Freedom of Information Act Request

Federal Trade Commission

Washington, D.C. 20580.

Please identify your letter as a "FOIA Request" and include (1) your name, address and daytime phone number, and (2) the name and address of the company you are checking on.

In most cases, there are no fees for searching, document review, or copying for members of the general public. It is a good idea, however, to state the maximum you are willing to pay, so we can contact you in the unusual event that any applicable fees for these services will cost more than the limit you set.

3. How can I file a complaint against a company?

We regret that you're having a problem with a franchisor or business opportunity seller. We'd like to help, but can't guarantee we'll be able to, because the Commission lacks the resources to investigate every individual complaint it receives. For this reason, we urge that you also consider talking with a private attorney about the feasibility of bringing a private lawsuit, or taking other individual or group action that may help resolve the problem.

We would like to encourage you to send us your complaint because consumer complaints give us important information. They help us identify companies and practices that affect a broad segment of the public, and are useful for law enforcement purposes.

We ask that all complaints be in writing, but no special form is required. A short one- or two-page letter is fine. Just tell us what you think was misleading or deceptive in the company's promotional materials, disclosure statement or offering circular. If you want your letter kept confidential, please print the words, "Privileged and Confidential," on the top of each page.

Be sure your letter includes your name, address, and a daytime telephone number where we can reach you. It will help if you can provide the names and telephone numbers of other purchasers who have experienced the same problems, and if you can send us copies of any written claims in promotional materials or elsewhere that you believe are false. Be sure to send copies, not originals, of any documents you think we should have.

Please address your complaint to:

Franchise & Business Opportunity Complaint
Federal Trade Commission - Rm. 238
Washington, D.C. 20580.

4. Where can I get the forms for drafting an offering circular?

The Franchise Rule provides its own disclosure format, which is published in the Code of Federal Regulations, Volume 16, Part 436 (16 CFR ? 436). The Commission also permits the use of an alternative disclosure format called the Uniform Franchise Offering Circular, or "UFOC," issued by the North American

Securities Administrators' Association, for Franchise Rule compliance. A copy of the Guidelines for preparing UFOC disclosures, which franchisors wishing to use the UFOC must follow to comply with the Franchise Rule, can be obtained from:

North American Securities Administrators' Association
One Massachusetts Avenue, N.W.
Suite 310
Washington, D.C. 20001
(202) 737-0900

The current Guidelines are also reprinted in the Business Franchise Guide published by Commerce Clearing House, Inc., which is available in many law libraries.

5. How can I find a lawyer who specializes in franchising?

You can start by checking with your state bar association. Many state bar associations allow member lawyers to identify the areas of practice in which they specialize, and franchise or distribution law is a recognized specialty in an increasing number of states.

The American Bar Association also publishes a Membership Directory of the Forum Committee on Franchising. The Directory, which is organized by state and city, lists the names, addresses and telephone numbers of attorneys who are members of the Forum Committee. You can obtain a copy of the Directory from:

American Bar Association Service Center
750 North Lake Shore Dr.
Chicago, IL 60611
(312) 988-5522

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Last Updated: Friday, November 14, 1997